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## Greece

## Tomatoes and Products

## Annual

## 2003

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### Report Highlights:

Unfavorable weather conditions affected Greece's tomato production in 2002. Heavy rainfall delayed the planting season, which affected the remainder of the production cycle. Consequently, Greece's 2002 tomato crop fell nearly 7 percent compared to a year earlier. Unofficial estimates indicate that the 2003 crop will likely exceed the 1.2 million ton quota. The EU has proposed changes to its tomato subsidy program which will affect Greece's tomato industry. The proposed program is expected to focus on the modernization of production and processing methods while prohibiting an increase in capacity.

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Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Rome [IT1], GR

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## **SECTION I. SITUATION AND OUTLOOK**

Total tomato production (both table and industrial) for the 2002 crop is now estimated at 1,500,000 MT, which appears to have dropped 7% compared to a year earlier. Total industrial tomato production in 2002 is now estimated at 860,000 MT, 8% less than the 2001 crop. This decline is mostly attributed to continuous rainfall, which occurred mostly in August and September 2002.

Bad weather this year mostly affected early plantings, which started later than usual and occurred almost simultaneously with later plantings. According to industry sources, this delay is likely to shorten the processing period resulting in larger quantities of fresh tomatoes for early and late harvests. The normal processing period lasts between 8/1 and 10/10 while this year's harvest is expected to last from 8/25 and 9/15.

While official forecasts for the 2003 crop are still not available, recent developments in other crops, which are discussed in the policy and production sections below, show that total tomato output (both table and industrial) will be close to 1,850,000 MT, significantly higher than 2002.

The tonnage quota allocated to Greece for industrial tomatoes under EU Reg. 2699/2000, 449/2001 and 2201/96, remains at 1,211,241 MT, while the EU community quota is at 8,251,455 MT. In 2002, Greek national quota was not reached as in the past few years, for reasons discussed in GR 2011. In the coming season, if favorable weather conditions prevail, the early forecast is that Greece is expected to reach the quota level.

## **SECTION II. NARRATIVE ON SUPPLY AND DEMAND, POLICY AND MARKETING PRODUCTION**

### **Production**

EU Regulation 1051/2001, which requires Greek farmers to decrease acreage cultivated with cotton, has caused a shift to alternative crops such as processed tomatoes, durum wheat and corn. Although there is still no official data for the 2003 crop, farming organizations and industry sources report that there will be an increase in acreage cultivated for processed tomatoes or industrial tomatoes, which is estimated at 11,000 hectares. Last year as described in GR 2011, farmers switched their crops from industrial tomatoes to cotton, hoping that it would be more profitable for them. Recent developments in the cotton sector, however, (excessive output over the subsidized amount) have discouraged farmers, which shifted a 20% of the total cotton area to alternative crops mentioned above. Processed tomatoes represent 80% of this acreage replacement. This increase in planted area is going to have an affect on total industrial tomato production this year, which is estimated to reach the quota level of 1,211,241 MT (early prediction).

MY 2002/03 was not profitable for the processing sector which has shown a 15% decline in production, compared to a year earlier. This decline is mostly due to low quality and quantity of fresh tomatoes delivered to the processing plants. About 789,500 MT were processed to tomato paste and 25,500 MT for canned tomatoes. The remaining amount of approximately 45,000 MT was either sold in the fresh market or categorized as farm use, losses and waste.

The production of table tomatoes for 2002, was almost at the same level as 2001.

This year large quantities of table tomatoes were imported from Turkey in March 2003, which led to an unusually large amount of tomatoes in the fresh market. Also, in May the supply of table tomatoes increased while demand decreased. This seasonal fluctuation in demand led to prices variations and volatility in the fresh market and uncertainty among consumers. Furthermore, prices of fresh vegetables slumped during the summer months due to excess availability in the fresh market and relatively lower demand.

Traders are requested and required by GOG Ministry of Commerce to reform their marketing practice in order to achieve stability in the fresh market and domestically benefit the consumer. Similarly, farmers should have a better planting strategy to avoid overburdening the market or processing activities.

Indicative prices at the Athens central market in 2003 for fresh tomatoes were as follows.

Period	Domestically Grown	Imported	Industrial (for fresh consumption)
Jan-Feb	0.73-1.03	0.67-0.73	
March-April	1.45-1.78	1.61-1.68	
May-August	0.53-0.65	1.05-1.5	0.38-0.45
Sept-Oct	0.88-0.94	0.79-1.35	
Nov-Dec	0.85-1.15	0.75-0.82	

According to industry sources, farmers are seriously thinking about utilizing genetically modified (GM) tomato seeds in an attempt to test new varieties that will enable them to have a better control of the processing period. It is very important to note that the testing of GM tomato seed by Greek tomato paste industries is an issue which is seriously being considered. However, more information is needed before any testing begins.

(Note: An application for a biotech field trial must be approved through a three tiered process. Since the 1998 EU-wide moratorium on approvals, no biotech approval has made it through all three tiers of the process).

According to industry and the Greek press, China, which is the most competitive country in the sector of processed tomato products, is expected to enter the market as a result of lower supplies caused by flooding in the southern part of the country. Bad weather and floods also affected other competitive European countries. All these current developments may result in a lower quantity of processed tomatoes inside the community in 2003.

## **Trade**

As cited earlier, a shortage of processed tomatoes inside the Community may help increase Greek exports in MY 2003/04. Ex-factory prices for tomato paste, 28-30% TSS basis, aseptically packed in drums during MY 2002/03 ranged between 615-750 Euros/MT, FOB basis, slightly increased compared to year earlier. Export prices for this season, MY 2003/04 are expected to fluctuate at the same range as last year.

At present, Greek processors have already proceeded with early contracts with their buyers abroad.

## **Consumption**

Domestic consumption of processed tomato products is estimated at 18,000 MT for tomato paste and 30,000 MT for canned tomatoes. The seasonal shortage of fresh tomato in demand, is covered by imports, which enter the market with lower prices compared to domestically produced tomatoes. Due to unfavorable weather conditions in the past two years, fresh vegetables including fresh tomatoes entered the market with high prices, which discouraged consumers and caused inflation. Furthermore, increased prices prevailed not only due to bad weather, but also due to unjustified large and illegal wholesale profit margins above the farm price. The government of Greece limits profit margins on fresh food products.

## **Stocks**

According to industry and trade information, at the end of MY 2002/03 stocks of tomato paste and canned tomatoes will be close to 9,500 tons and 4,247 tons respectively. A good portion of these stocks is committed for later shipments and for the end of next November - December when stocks are estimated to reach lower levels.

## **Policy**

Farmers still organize through their groups and cooperative organizations and negotiate grower prices with processors in their regions. This year, the Panhellenic Confederation of Agricultural Cooperatives has demanded that it negotiate farmer prices for industrial tomatoes delivered to processors, under the philosophy that Confederation support is better for farmers' interests. This intervention was characterized as illegal by the industry and against the free market economy, which should set prices according to quality standards of the product when delivered for processing. Eventually, the price was negotiated and agreed between processors and regional farmer

groups, while the intervention by the Panhellenic Confederation was rejected.

The average agreed price between processors and farmers for the 2002 crop was set at 0.057 Euros/kg for tomatoes delivered to the processing plants. The price fluctuates according to the quality of fresh industrial tomatoes. Adding the EU support price, which is set at 0.034 Euros/kg, farmers have received an average price of 0.091 Euros/kg.

In line with the EU Third Support Framework for Agricultural Restructural Plans for the Countryside Development in 2000-2006 (EU Reg. No.1257/1999), the majority of tomato processors have submitted applications for participation. This EU plan targets mainly the modernization of production while prohibiting an increase in capacity. This modernization includes the renovation of buildings and modernization of processing equipment.

The EU Third Support Framework supports organic cultivation in the line with the protection of natural resources and the environment. It must be noted here, that organic tomato cultivation in Greece is very limited but increasing gradually. In the framework of CAP reform, EU funds are expected to be shifted from direct payments to farmers based on production (price subsidies), to payments per area unit. The Commission will propose amendments to EU Regulation 1257/1999, which refers to agricultural supports along with other forms of support through the expansion of environmental protection activities. CAP reform will set minimum farming standards for the environment and food safety. In the tomato sector for example, farmers will be subsidized for organic cultivation of tomatoes or for applying environmental friendly agricultural practices.

**PS&D Table, Fresh Tomatoes**

PSD Table						
Country	Greece					
Commodity	Fresh Tomatoes				(HA)(MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2001		01/2002		01/2003
Plnt For Fresh Consump	0	15500	0	16500	0	16700
Plnt For Processing	0	20915	0	19000	0	30000
TOTAL Area Planted	0	36415	0	35500	0	46700
Harv. For Fresh Cons.	0	15500	0	16500	0	16700
Harv. For Processing	0	20915	0	19000	0	30000
TOTAL Area Harvested	0	36415	0	35500	0	46700
Fresh Sale Production	0	679513	0	640000	0	650000
Processing Production	0	935000	0	860000	0	1200000
TOTAL Production	0	1614513	0	1500000	0	1850000
TOTAL SUPPLY	0	1614513	0	1500000	0	1850000

**PS&D Table, Canned Tomatoes**

PSD Table						
Country	Greece					
Commodity	Canned Tomatoes				(MT)(MT, Net Weight)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		07/2001		07/2002		07/2003
Deliv. To Processors	37000	48420	39000	25500	0	35000
Beginning Stocks	2199	2199	5555	8083	3205	4247
Production	31356	41384	28400	21664	0	29800
Imports	19000	17000	16000	17000	0	17000
TOTAL SUPPLY	52555	60583	49955	46747	3205	51047
Exports	14500	17500	14000	14000	0	18000
Domestic Consumption	32500	35000	32750	28500	0	31000
Ending Stocks	5555	8083	3205	4247	0	2047
TOTAL DISTRIBUTION	52555	60583	49955	46747	0	51047

**PS&D Table, Tom. Paste, 28-30% TSS Basis**

PSD Table						
Country	Greece					
Commodity	Tom. Paste, 28-30% TSS Basis				(MT)(MT, Net Weight)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		07/2001		07/2002		07/2003
Deliv. To Processors	85400	870000	790000	789500	0	870860
Beginning Stocks	21000	21000	25500	15500	21000	9500
Production	145000	147500	134000	125000	0	139000
Imports	12000	10000	14000	13000	0	9000
TOTAL SUPPLY	178000	178500	173500	153500	21000	157500
Exports	135000	145000	135000	128000	0	132000
Domestic Consumption	17500	18000	17500	16000	0	18000
Ending Stocks	25500	15500	21000	9500	0	7500
TOTAL DISTRIBUTION	178000	178500	173500	153500	0	157500

**Export Trade Matrix, Canned Tomatoes**

Export Trade Matrix			
Country	Greece		
Commodity	Canned Tomatoes		
Time period		Units:	MT
Exports for:	2001		2002
U.S.	4	U.S.	
Others		Others	
France	2783	France	145
Holland	3242	Holland	6583
U.K.	11621	U.K.	10984
Other EU	1999	Other EU	3024
>Sub Total EU	19645	>Sub Total EU	20736
Poland	93	Estonia	127
Cyprus	208	Cyprus	229
Total for Others	19946		21092
Others not Listed	532		1354
Grand Total	20482		22446

**Import Trade Matrix, Canned Tomatoes**

Import Trade Matrix			
Country	Greece		
Commodity	Canned Tomatoes		
Time period		Units:	MT
Imports for:	2001		2002
U.S.		U.S.	
Others		Others	
Italy	11306	Italy	11287
Spain	249	Spain	218
Germany	450	Germany	145
Other EU	158	Other EU	71
>Sub Total EU	12163	>Sub Total EU	11721
Total for Others	12163		11721
Others not Listed	137		20
Grand Total	12300		11741

**Export Trade Matrix, Tomato paste 28-30% TSS Basis**

Export Trade Matrix			
Country	Greece		
Commodity	Tom. Paste,28-30 % TSS Basis		
Time period		Units:	MT
Exports for:	2001		2002
U.S.	78	U.S.	
Others		Others	
Holland	29000	Holland	18903
Germany	10352	Germany	8946
Italy	17000	Italy	8512
U.K.	40000	U.K.	39113
Other EU	13524	Other EU	8839
>Sub Total EU	109876	>Sub Total EU	84313
Poland	940	Poland	676
Romania	3052	Romania	1368
Libya	11092	Libya	18513
Latvia	510		
Total for Others	125470		104870
Others not Listed	14979		19365
Grand Total	140527		124235

**Import Trade Matrix, Tomato paste 28-30% TSS Basis**

Import Trade Matrix			
Country	Greece		
Commodity	Tom. Paste,28-30 % TSS Basis		
Time period		Units:	MT
Imports for:	2001		2002
U.S.		U.S.	
Others		Others	
Italy	20000	Italy	19476
Germany	183	Germany	306
Other EU	878	Other EU	653
>Sub Total EU	21061	>Sub Total EU	20435
Hungary	19	Hungary	11
Total for Others	21080		20446
Others not Listed	27		
Grand Total	21107		20446